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SIPDIS

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SUBJECT: UPDATE ON PA ZAKAT COMMITTEE REFORMS

REF: A. TEL AVIV 740
[1](#)B. JERUSALEM 690

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d).

[1](#)1. (C) Summary. Palestinian Authority (PA) actions to control the collection and distribution of alms (zakat) have significantly reduced Hamas' exploitation of zakat committees as a source of income in the West Bank, according to the Deputy Minister of Awqaf and Religious Affairs (Awqaf). At Prime Minister Fayyad's direction, the PA dissolved or restructured 92 zakat committees and established mechanisms to regulate zakat-related activities. End summary.

[1](#)2. (C) Awqaf Deputy Minister Salah Zuheika told ConGenOffs June 4 that PA regulations governing zakat committees were largely ignored until Salam Fayyad became Prime Minister in June 2007. Prior to the January 2006 elections, Hamas used zakat committees to accumulate and spend significant funds. The situation became worse after the elections, when the Hamas-appointed Minister of Awqaf Yusuf Razqa instructed the zakat committees to ignore directives from his professional staff.

Fayyad Takes Charge

[1](#)3. (C) Under PM Fayyad, PA efforts to control zakat-related activities took on greater urgency, according to Zuheika. At Fayyad's direction, newly-appointed Minister of Awqaf Jamal Bawatna in September 2007 established a 9-member Higher Zakat Committee to "control all the activities" of the zakat committees, and an 11-member council now manages the "Zakat Central Fund" to which the zakat committees direct their obligatory contributions.

[1](#)4. (C) Zuheika said that all 92 zakat committees under Awqaf authority were dissolved in November 2007 and replaced by 9 district committees. District committee members were selected from names nominated by governors' offices, chambers of commerce, and municipalities. (Note: Fayyad has told us that all names were vetted by PA security services. End note.) Bank accounts of the dissolved committees were closed after funds were transferred to the new accounts of the district committees.

[1](#)5. (C) Zuheika said that the Awqaf worked with the Ministry of Finance and the Palestine Monetary Authority to uncover a number of accounts held by zakat committees. In one case, a bank in Jordan alerted the Awqaf to an account there after a former zakat committee member attempted to withdraw funds. Zuheika said banks in Jordan and in the West Bank have become more diligent in demanding PA-issued documentation prior to opening or granting access to zakat and other charity

accounts.

Still Work to Be Done

16. (C) Zuheika said that most zakat committees possessed substantial assets and properties and also maintained ties to a variety of charitable societies, thus complicating PA efforts. He noted that the zakat committee in Nablus ran six major institutions, including two hospitals and a dairy company, and had been able to disburse funds to different organizations without Awqaf authorization. Zuheika stated that the Nablus Zakat Committee has been restructured and has a new head, Dr. Mohammed Hannoun, Vice President for Administrative Affairs at al-Najah University. Undesirable members, such as Dr. Abd al-Rahim Hanabali have been ousted.

17. (C) Comment: There is still work to be done to ensure complete Awqaf control over the restructured committees. The Ministry lacks capacity and established systems to ensure compliance throughout the West Bank. Former members are lobbying to be reinstated and exert influence on the local committees. Zuheika believes that committees, forced to deal with pressure from previous members and Hamas activists, may try to make compromises at the local level, beyond the reach of the Awqaf. End Comment.

Hamas Response

18. (C) In response to PA actions, Hamas is seeking to establish new charitable committees in the West Bank and is

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asking its donors, both foreign and domestic, to redirect their contributions to these entities, according to Zuheika. Officially recognized committees are losing funding, and beneficiaries are increasingly holding the PA responsible.

WALLES